

**STATEMENT OF MARY SANDERSON
CHIEF, REMEDIATION & RESTORATION BRANCH
U.S. ENVIRONMENTAL PROTECTION AGENCY, REGION 1
BEFORE THE SUBCOMMITTEE ON
FEDERALISM AND THE CENSUS
COMMITTEE ON GOVERNMENT REFORM
UNITED STATES HOUSE OF REPRESENTATIVES**

MARCH 13, 2006

INTRODUCTION

Good morning, Mr. Chairman, and members of the Subcommittee. My name is Mary Sanderson, and I direct the Remediation & Restoration Branch in the Office of Site Remediation and Restoration in EPA's Region 1/New England. I am appearing today to discuss EPA's Brownfields Program and our efforts in the State of Connecticut, which is located in Region 1.

As you well know, Brownfields are all around us, in the smallest towns and largest cities -- empty warehouses, decrepit factories, vacant corner gas stations, and junk-strewn lots. Brownfields are defined by statute as "real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant or contaminant." These are properties where environmental concerns pose a barrier to reuse. Estimates of the number of brownfields across the country range from 450,000 to more than a million properties.

EPA's Brownfield program began over a decade ago, with Bridgeport, Connecticut being one of the earliest entrants in tackling these issues. Nationwide, EPA initially provided seed money to communities for inventorying brownfields and assessing contamination. In response to community requests, additional tools were added to the brownfields' effort. Grants were made to capitalize revolving loan funds for cleanup. Brownfields job training grants were developed to promote

employment in brownfields communities. A tax incentive was enacted to encourage private sector investment. States, Tribes, local governments and non-governmental organizations began to focus on brownfields, creating local and regional approaches to revitalizing properties.

The national brownfields effort has produced successful results. Since the first grants were awarded, EPA and its grant recipients have performed more than 7,700 assessments. Brownfields grantees have leveraged \$7.3 billion in cleanup and redevelopment dollars, leveraging more than 34,000 jobs. Brownfields have proven to be a good public investment, with every public dollar spent on brownfields leveraging about \$2.50 in private investment. Brownfields revitalization also produces long-term sustainability benefits, with every acre of brownfields reused saving 4.5 acres of greenspace. The brownfields initiative has become a national effort, linking environmental protection, economic development and community revitalization.

Strong support by President Bush and Congress for brownfields cleanup and redevelopment culminated in the passage of the Small Business Liability Relief and Brownfields Revitalization Act, also known as the Brownfields Law. Signed by President Bush on January 11, 2002, the Brownfields Law provided EPA with a clear congressional mandate on brownfields. The Brownfields Law expanded EPA's Brownfields Program, boosted funding levels, expanded the entities, properties and activities eligible for EPA funding, clarified and strengthened liability protection for certain property owners and provided increased support to state and tribal response programs.

EPA has taken great efforts to implement the new law. EPA developed and published guidelines for the many new grant programs for assessment, revolving loan fund and cleanup grants; state and tribal response program grants; and, research, training and technical assistance grants. These

new programs required application guidelines, funding competitions and selection processes – and they were completed and grants awarded in the first fiscal year following the passage of the new law. EPA has awarded 744 brownfields grants in FY2003 through FY2005 that totaled more than \$217 million. More specifically, since the start of EPA’s brownfields program, \$75 million of competitive EPA brownfield grants have been awarded to, and continue to help revitalize numerous communities throughout the New England region. In Connecticut alone, EPA awards approximately \$1 million annually to the Connecticut Department of Environmental Protection (DEP) to further advance their brownfield redevelopment program. As a whole, the State of Connecticut and its communities and non-profits have received over \$24 million in EPA Brownfield’s funding to date.

EPA’S BROWNFIELDS PROGRAM

Brownfields Grants

I would like to describe the Brownfields Program components in greater detail. Assessment grants provide funding to inventory, characterize, and assess properties; develop cleanup plans; and conduct community involvement activities related to brownfields. Environmental site assessments provide the information that communities and property owners need to move forward with reuse. In fact, up to one third of the sites assessed show little or no contamination, freeing the site for redevelopment through a relatively small public investment. Over the years, EPA has awarded hundreds of assessment grants, generally \$200,000 each, to communities large and small. The Brownfields Law expanded the eligibility to new entities such as redevelopment authorities and allowed additional assessment-related activities such as planning to be done by grant recipients. Over the past

three years under the new law, EPA has awarded 446 assessment grants for a total of \$102.3 million across the country.

Bridgeport, one of our very first Brownfields grantees, has a proven track record with all types of Brownfields funding, not only from EPA, but from other public and private sources to deal with Brownfields from assessment through redevelopment. EPA has invested \$1,000,000 to date in assessment grants for the City of Bridgeport to conduct environmental assessment work and inventory Brownfields sites in their community. In many cases, the environmental uncertainties associated with these properties have been alleviated, clearing the way for meaningful reuse of these former brownfields.

In addition, EPA has the authority to conduct Targeted Brownfields Assessments. These single-property assessments are designed to help communities on a more direct basis, especially those lacking EPA assessment grants. EPA allocated \$9.25 million nationally for Targeted Brownfields Assessment (TBA) support in fiscal years 2003 through 2005.

Since the beginning of the program, in New England we have conducted over 100 TBAs in 84 communities throughout the region, with a value of over \$6 million. In Connecticut, EPA has conducted 30 TBAs, or nearly one third of all regional TBA work, with a value of nearly \$2 million. One example of the assistance the TBA program provides is the former Swan Engraving manufacturing facility in Bridgeport. With EPA's TBA funding as the catalyst, the City of Bridgeport has leveraged assessment and other federal, state, city and private funding for approximately \$4 million. This site is now part of Went Field Park, a nationally recognized brownfield to greenfield project. In Shelton, TBA resources were used to assess a portion of Canal Street, which led to a successful cleanup grant to the town of Shelton. This area will soon become part of The Farm and Public Market along the riverfront.

Under its new authority, EPA may now provide direct cleanup grants of up to \$200,000 per site to public sector and non-profit property owners to carry out cleanup activities at brownfield sites. In the past three years, EPA has awarded 239 cleanup grants for \$42.9 million nation-wide. Here in New England, we are extremely proud of the 50 cleanup grants that have been awarded to date with a value of \$8.4 million, demonstrating the maturation of the Brownfields program in New England, as work moves from assessment to cleanup. In Connecticut, 14 cleanup grants have been awarded for \$2.5 million, and much of this cleanup work is well underway, laying the groundwork for future housing, open space, and commercial redevelopment opportunities. Two of our cleanup grant recipients in Connecticut are non-profit organizations – Habitat for Humanity and Georgetown Redevelopment Corporation – and we look forward to continuing our partnership with the non-profit community.

The Brownfields Program also supports property cleanup by providing grants to capitalize cleanup revolving loan funds. The Brownfields Revolving Loan Fund (RLF) grants provide state and local governments with capital to make sub-grants or low or no-interest loans to finance brownfields cleanup. The 2002 Brownfields Law was pivotal in the continued success of the RLF program. It provided new flexibility to the program because it expanded properties and activities that are eligible for funding, provided the capability to make sub-grants as well as loans for cleanup, and streamlined technical requirements while still ensuring public health and the environment are protected. Over the past three years, EPA has awarded 59 revolving loan fund grants nation-wide for \$72.1 million, and we look forward to even greater momentum in making loans against these grants in the coming years.

A number of RLF loans have been made here in Connecticut. In Stamford, the Blues Brothers, LLC received our region's first loan for \$160,000 for the Harley Davidson showroom. In New

Milford, the Town of New Milford received \$700,000 for the Century Enterprise Center. In Bridgeport, the Bridgeport Economic Development Corporation (BEDCO) received \$350,000 for the Seaview Industrial Park, which is part of \$6.8 million in combined federal and state funding to develop a new industrial park, with redevelopment costs estimated at \$15 to 20 million. Another loan that is planned for Bridgeport would be the largest in our region to date – a \$1.3 million loan for the Northeast Builders Supply & Home Center, Inc. for the 1558 Barnum Avenue property. This loan will fund the cleanup of an abandoned scrap yard so the property can be developed into a light industrial park.

The Connecticut Department of Economic and Community Development (CT DECD) awarded a \$160,000 loan from an EPA Revolving Loan Fund grant to the developer of the new Main & Pavilion Shopping Center in Hartford, Public Housing Residents Going Places, Inc. This new shopping center provides needed goods and services to chronically under-served low income residents in the Clay-Arsenal neighborhood in Hartford. On January 13, 2006 EPA was pleased to attend the grand opening of the Save-A-Lot grocery, an anchor in this new shopping center.

Under EPA's brownfields authority, sites contaminated with petroleum are now also eligible for assessment and cleanup grants. The Brownfields Law requires 25% of assessment and cleanup grant funding be directed to sites with petroleum contamination. Indeed, since passage of the Brownfields Law, EPA has awarded 312 assessment, cleanup and revolving loan fund grants totaling \$66.4 million for petroleum contaminated brownfields.

The Brownfields Law also broadened the definition of what could be considered a brownfield, thus making mine-scarred lands and sites contaminated by controlled substances (often these sites are

drug labs found in residential areas) eligible for grants. We have seen an increased number of proposals from states, tribes and communities working on these kinds of sites.

In reviewing proposals and awarding grants, EPA has found that brownfields come in a range of sizes and types. Brownfields are often stereotyped as large industrial sites in urban areas. The reality is that the majority of brownfields are small properties like dry cleaners, vacant lots and gas stations. More than half of the grants have gone to communities of less than 100,000 people.

In addition to assessment and cleanup funding, EPA also funds brownfields training, research and technical assistance. As communities engage in cleaning up of brownfields, EPA recognizes the need for a workforce with environmental cleanup skills. To date nation-wide, EPA has awarded 106 job training grants, including 49 grants since passage of the law, resulting in the placement of more than 1,600 individuals with an average wage of \$13.00 an hour.

Here in Connecticut, The Workplace, Inc. in Bridgeport has been awarded three job training grants for a total of \$550,000. The first grant was to train Bridgeport residents, the second to train residents of the Naugatuck Valley, and the most recent to reach out to the residents of Stamford. EPA also awarded a grant in Fall 2005 to the City of Bridgeport's Department of Social Services to provide technical environmental training to Bridgeport residents that are currently enrolled in the City's food stamp program.

State and Tribal Programs

The high demand for brownfields cleanup and redevelopment in communities throughout the country, coupled with increasingly limited state and tribal resources, makes access to federal funding

critical. The development of successful state and tribal programs is essential to insuring the successful implementation of the brownfields program because they are the environmental regulators of brownfields cleanups.

Under section 128(a) of the Brownfields Law, EPA provides financial assistance to establish or enhance state and tribal programs so they can meet the challenges of brownfields cleanup and redevelopment. In fiscal year 2005, EPA provided \$49.5 million to 49 states, 50 tribes, the District of Columbia, and 3 territories (Guam, U.S. Virgin Island, and the Northern Mariana Islands). This funding is helping states and tribes to develop or enhance their response programs' infrastructure and capabilities.

For some recipients, the funding provides an opportunity to create new response programs to address contaminated properties. States and tribes also can use the funds to capitalize a revolving fund for cleanup, purchase environmental insurance, or develop other insurance mechanisms to provide financing for cleanup activities. In addition, the funds can be used to establish or maintain the statutorily required public record, to oversee cleanups, and to conduct limited site-specific activities. Providing financial assistance to states and tribes increases their capacity to meet brownfields cleanup and redevelopment challenges. It also helps to ensure that brownfield cleanups are protective in accordance with federal, state and tribal standards. Here in Region 1, we have maintained close partnerships with our states since the inception of the Brownfield Program, and these partnerships are an integral part of our success.

Liability Protection

A final element of the Brownfields Program focuses on providing important liability protections and clarifications for certain landowners who are not responsible for site contamination. These protections increase comfort and certainty regarding the purchase and redevelopment of brownfields. EPA has worked to clarify federal liability, particularly under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). EPA has streamlined administrative practice and issued guidance and enforcement discretion policies to encourage brownfields cleanup and redevelopment. In fact, many of the protections in the Brownfields Law are essentially statutory codifications of existing EPA enforcement discretion policies.

The Brownfields Law also clarifies the landowner liability protections of bona fide prospective purchasers, innocent landowners and contiguous property owners under CERCLA. To qualify for liability protection, these property owners must satisfy certain statutory requirements. For example, prior to acquiring a property, purchasers must meet environmental due diligence requirements by undertaking “all appropriate inquiries” into the condition of the property. EPA has developed a regulation establishing standards for conducting “all appropriate inquiries.” The Agency did this through a collaborative stakeholder negotiated rulemaking. The final rule was issued in November 2005 and goes into effect in November 2006.

The Brownfields Law also provides federal CERCLA liability protection for parties who conduct a cleanup of certain brownfields properties under state response programs. EPA issued guidance that explained which properties currently in the CERCLA system would be eligible for federal liability protection.

CONCLUSION

EPA's Brownfields Program serves as an innovative approach to environmental protection, spurring environmental cleanup, reducing neighborhood blight, generating tax revenues, and creating jobs. Continuing our success will require ever more interaction and collaboration among all levels of government, the private sector and non-governmental organizations. EPA is dedicated to continuing our efforts to reach out to our partners and the Administration is committed to continuing strong funding for the program.

EPA will continue to implement the program to protect human health and the environment, enhance public participation in local decision-making, build safe and sustainable communities through public and private partnerships, and recognize that environmental protection can be the engine that drives economic redevelopment.